

## Upcoming Events

**Oct 16:** Family Picnic at Fort Worth Zoo!

**Nov 24-25:** Thanksgiving Holiday. Our office & the NYSE will be closed.

**Dec 23:** Holiday Pie Pick Up Party!

**Dec 26:** Christmas Holiday. Our office & the NYSE will be closed.

**Jan 2:** New Year's Day Holiday. Our office & the NYSE will be closed.

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## Dignum Financial Partners

*Partnering with You*

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### An Executor Guide

We are fortunate to experience many milestones with our clients—watching their children graduate from college; sharing the excitement of a timely retirement and many other goals achieved during their journey. However, we also encounter the death of clients/friends as well. Unfortunately it seems we have lost several in the last few years. During this time, there are many steps which must be taken.

This guide is intended to help you in your role as executor of an estate. It aims to explain the process and offers advice for getting organized and putting a plan in place to settle the estate as effectively and efficiently as possible.

**Accepting an executor appointment** The role of executor may involve a lot of time and administrative work. If you aren't up to fulfilling this responsibility, you're not legally obligated to accept the job. The court will contact an alternate executor, if named, or appoint one.

**Locating the will** The first step in the process is locating the decedent's will. Most likely, his or her family or attorney has the original. Once you find it, make a copy and store the original in a safe place until it can be filed with the probate court. Generally, a will is valid if it is in writing and has been signed and dated by the person who created it and by witnesses.

**What is probate?** Probate is a court-supervised process of administering and distributing the property of a decedent according to the decedent's will or, if the decedent died without a will, according to the state laws of intestacy. It is important to retain an estate attorney and a tax professional to help you navigate state inheritance laws, probate court rules, and federal and state tax codes.

**How long does the probate process take?** That depends largely on state law, the size of the estate, and potential actions brought by heirs. A more complex estate may take years while a simple estate may be settled in months.

**What assets are subject to probate?** Nonprobate assets pass directly to beneficiaries. Assets with designated beneficiaries (e.g., life insurance, retirement plans) and transfer-on-death (TOD) designations, as well as jointly held assets, bypass the probate process.

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## Financial Fact vs. Fiction

**Fiction:** “Going green” for banking and bill payment will put me at high risk for identity theft.

**Fact:** Tales of phishing scams and Internet security breaches make us all concerned about the safety of our online accounts. But according to a report from Javelin Strategy & Research, most people overestimate the risk of online fraud. For instance, about 90 percent of identity theft cases begin offline—with acquaintances or family members who steal victims’ bank statements or passwords. Nevertheless, the public’s perception of increased risk has not gone unnoticed by the financial industry. As a result, most banks and other financial institutions have installed the highest level of data protection allowed by law.

**Fiction:** A prepaid tuition plan and a college savings plan are the same thing.

**Fact:** A prepaid tuition plan is what it sounds like—a plan that allows you to prepay all or part of the costs of a college education. Operated by state governments, these plans are guaranteed to increase in value at the same rate as college tuition. A college savings plan differs in that the plan is managed by a mutual fund company, which determines the investment choices available. Contributions are made to a portfolio of mutual funds or other selected investments, and the account owner bears the risk of investment returns. In other words, there are no guarantees.

Source: *Commonwealth*

# Executor Guide —*continued from page 1*

Probate assets are assets that cannot be owned legally by anyone else without passing through the probate process. To begin, you must petition the probate court to open the estate administration, file the will with the court, and seek appointment papers that give you legal appointment as executor and authorization to administer the estate.

**Applying for an identification number** The estate is a separate legal entity for federal and state tax purposes and requires its own tax identification number (i.e., employer identification number or EIN). You should apply for this number at [www.irs.gov](http://www.irs.gov) as soon as possible because you must have it to open an estate bank account. You must also include the EIN on other documents and returns filed for the estate.

**Ordering copies of the death certificate and executor appointment** You will need certified copies of the death certificate and your executor appointment for all financial transactions, including closing accounts, claiming life insurance and retirement benefits, and stopping social security payments and household bills. Many financial institutions and government agencies won’t accept photocopies, so having extra certified copies on hand may help prevent delays.

**Staying organized** A good organizational plan will help you stay on top of deadlines, properly account for all assets, and avoid delays in administration of the estate. Set up a filing and record system to keep track of the deceased’s assets, estate bills, court filings, and your notes. In addition, retain copies of all estate correspondence, including what you send and what is sent to you.

**Managing and protecting estate assets** As the executor, you have a fiduciary responsibility to estate beneficiaries to protect and properly invest estate assets. This starts with being prudent, loyal and impartial. Until the estate is fully distributed to the beneficiaries, you should open an estate account to receive estate assets and to pay estate bills. Real property should be maintained until the asset is transferred to the beneficiaries or sold. Investment property requires special attention because it may carry fiduciary liability if the assets are not prudently managed.

Consider engaging in a professional advisor to assets with the interim investment of estate assets. Additionally, don’t commingle any personal assets (whether yours or that of a beneficiary) with estate assets.

**Paying debts and administrative expenses** Before the probate estate is opened, burial and funeral costs will likely be incurred. The individual who pays these expenses will be reimbursed from the estate, or the estate will be billed for the costs. In addition, estate assets are subject to any outstanding personal creditor claims, taxes, and administrative expenses. If there aren’t enough assets to pay all creditor claims, state law and court procedure prioritize claims to be paid; some creditors may remain unpaid.

If you are the executor of an insolvent estate or an estate from which assets must be sold to pay debts and expenses, it is prudent to seek legal guidance. An attorney can help you determine which assets would be best to sell from a financial and tax perspective. In addition, if a beneficiary’s inheritance will be diminished as a result of the sale, it is vital to ensure that the correct asset is sold.

*Continued on page 3*

## Estate Guide—conclusion

**Filing tax returns and a final account** A final income tax return must be filed for the decedent, and income and estate tax returns may have to be filed on behalf of the estate. Work with a tax advisor to ensure that these filings are complete and made on time.

Once you have collected all assets and paid all debts, expenses, and taxes, you must typically file a final account and provide it to all interested parties to review, consent, or object. After the court has approved the final account, you may distribute the assets to the beneficiaries in accordance with the will or state law. After distribution, you may be required to file final discharge papers with the court, at which time the court will formally close the estate and discharge you from your duties as executor.

**Seeking help** This summary is intended as a general guideline; there are many federal and state issues that cannot be addressed here. Be sure to seek the help of a qualified attorney and tax advisor to work through the process and to protect estate beneficiaries and yourself in the fiduciary role.

*This material has been provided for general information purposes only and does not constitute either tax or legal advice. Although we go to great lengths to make sure our information is accurate and useful, we recommend you consult a tax preparer, professional tax advisor, or lawyer.*

### IRS CIRCULAR 230 DISCLOSURE:

To ensure compliance with requirements imposed by the IRS, we inform you that any U.S. tax advice contained in this communication (including any attachments) is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing, or recommending to another party any transaction or matter addressed herein.

Source: Commonwealth

## Have you noticed our “new look”?



If you haven't already, please check out our new and improved website at [www.dignumfinancialpartners.com](http://www.dignumfinancialpartners.com).

Now with easier navigation and updated information, you can easily access your account and keep up with

our client appreciation events. The website also features articles of interest and a glossary of financial terms.

We hope you find this updated format easier to navigate! Please feel free to give us your feedback!

### Steps to accessing your account online

To view your account online:

1. Visit our website at [dignumfinancialpartners.com](http://dignumfinancialpartners.com).
2. On the left hand side of the screen, click on “Access My Accounts”.
3. Click on the Investor360 button.

If you have never accessed your account online and would like to get started, please feel free to contact us. We will be able to get you all set up in less than 5 minutes!



Don't forget to follow us on Facebook and Twitter as well!



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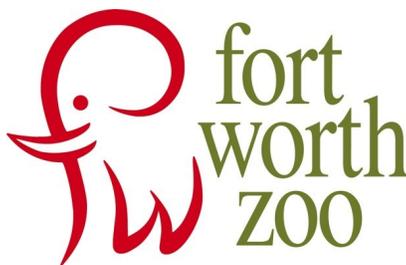
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*Dignum Financial Partners does not provide legal  
or tax advice. You should consult a legal or tax  
professional regarding your individual situation.*

## DFP Happenings



On October 16, we will be hosting our family picnic at the Fort Worth Zoo. Time is running out to reserve your tickets! We look forward to seeing you there.

November 2-6, Kim will be in Austin attending Commonwealth's annual National Conference. This conference educates her on any new rules and regulations and keeps her updated on changes within Commonwealth. Rhonda and Shana will be at the office to assist you during her absence.

We will be providing holiday pies from Paris Coffee Shop again this year! Be looking for that email later this year!